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SUBJECT: US ASSISTANCE COORDINATOR PRESSES PRESIDENT  
SARGSIAN ON DEMOCRATIC REFORM

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Classified By: CDA Joseph Pennington, reasons 1.5(b,d)

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SUMMARY  
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¶1. (C) US Assistance Coordinator Tom Adams met with President Sargsian May 15 to press for Armenia's return to democratic reform in the wake of February's dubious presidential election and the deadly post-election violence of March 1-2. Adams stressed the link between serious reforms and levels of US assistance to Armenia, including the continuation of Armenia's Millennium Challenge Program. Sargsian defended the conduct of the election, blamed the violence largely on the opposition, and said former President Kocharian "did what needed to be done" in declaring a state of emergency and arresting opposition supporters. Sargsian denied that anyone is being held for political reasons, and asserted that those who committed crimes "must serve sentences." He acknowledged that police may not have handled the March 1 demonstrations in the best way -- a function, he said, of a lack of training and proper equipment. The source of the problem, though, was a "months-long plan" by opposition supporters to "take power by force." Sargsian promised steps toward reform, but said such steps "must not threaten the future of the country." He dismissed the suggestion that Armenia lags behind in media freedom, and sharply criticized Radio Liberty for "biased coverage." Sargsian expressed determination to tackle corruption, especially in the State Tax Service and Customs Administration. He agreed with Adams on the need for a new US ambassador in Yerevan, and claimed to have made his view on that issue clear to Armenian-Americans during his October 2007 visit to the US. He made no commitment on our longstanding request for the registration of NDI. End Summary.

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SARGSIAN: ELECTION WAS A "STEP FORWARD"  
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¶2. (C) Visiting US Assistance Coordinator for Europe and Eurasia Tom Adams, accompanied by Deputy Coordinator Daniel Rosenblum and CDA, met with President Sargsian for nearly 90 minutes on May 15. Adams highlighted concerns in Washington about Armenia's perceived backsliding on democratic reform in light of the problematic presidential election and subsequent violence and crackdown on opposition. Despite these concerns, he made clear that the US wants Sargsian and his team to succeed and would like to help Armenia return to a democratic path in order to "move beyond" the current political crisis. He stressed that Armenia has placed some

US assistance at risk -- especially the MCC, which was established as a reward for good governance. Adams said that while the MCC Executive Board is unlikely to take decisive action on Armenia's MCC program at its upcoming meeting in June, a Board decision to suspend the program in September is entirely possible if negative trends are not reversed.

13. (C) Sargsian said that the MCC program is important for Armenia's development, adding that the GOAM is well aware of the program's conditionality. He argued that there had been "no backsliding" by Armenia on economic reform, citing continued high GDP growth rates and positive assessments of Armenia by international credit agencies. The President said that the progress of reform in the political field "is a question of approach." He defended Armenia's recent elections -- the parliamentary election in May 2007 and presidential election in February 2008 -- as "steps forward" for democracy, and attributed the current tension in the country to an unwillingness of supporters of former President Levon Ter-Petrossian (LTP) to accept the election results, and their efforts to "take power by force." The President contended that the international community had ratified the presidential election as "mostly in line with international standards," and had found "no problems" with the parliamentary election. An end to MCC would be "painful" for Armenia, he said, adding that suspending the MCC program "will not contribute to the development of democracy."

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PRESIDENT DEFENDS MARCH 1 DECISIONS  
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14. (C) Sargsian acknowledged that the authorities could have handled the events of March 1 in a way that would have avoided loss of life. The problem, he said, was that Armenian police were not properly trained or equipped to deal

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effectively with such a situation. Sargsian argued that neither he nor former President Kocharian wanted violence on March 1, but he alleged that LTP supporters "had been planning this for a month." He said that "some in the international community understand this," but complained that "their voices have not been heard." When Adams suggested that Kocharian was primarily responsible for the decisions made on March 1, Sargsian strongly defended the former president. Kocharian, he said, "did what needed to be done by declaring a State of Emergency." Sargsian condemned those in the international community who criticized the GOAM for using excessive force "before all the information had come to light." The President said that if the police had used more force earlier in the day in order to "localize" the demonstrators, then no one would have been killed.

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POLITICAL PRISONERS: NOT SURE WHAT YOU MEAN  
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15. (C) When Adams reiterated US concerns that the new government take actions to deal effectively with popular frustration stemming from the election and March 1 -- investigation of March 1 deaths, serious prosecution of election fraud, releasing political prisoners, allowing opposition demonstrations and free expression of views -- Sargsian pushed back. "I disagree with you completely on the elections," he said, repeating the claim that the international observer mission had given an overall positive assessment. "Of course there were some shortcomings," sargsian added, "but those responsible have been tried and sentenced, including from our side." (Note: Although there have been a number of convictions for election fraud, the vast majority of those prosecuted were working for the opposition -- not the Sargsian campaign. End Note.) As to political detainees, Sargsian said "I really don't know who you mean." He claimed that all suspects accused of less serious crimes have been released, including people close to

LTP. But "people who have committed serious crimes cannot be released" just because there is political pressure, he argued. "They have committed crimes, and they must be sentenced for this."

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WE WILL TAKE SOME STEPS  
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¶16. (C) Adams urged President Sargsian to take steps toward reform that would ease the political tension in Armenia and reduce support for the opposition. The authorities' current path, he added, is only adding fuel to LTP's fire. Sargsian said the government "will take some steps, but those steps will not threaten the future of the country." "Since I only got just over 50 percent" of the vote, Sargsian continued, "half of the people will always be unhappy." "I will never fulfill all the demands of Ter-Petrossian," he concluded.

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BASHING RADIO LIBERTY  
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¶17. (C) The President then launched an attack against US-funded Radio Liberty (RL), claiming that RL had conducted "500 interviews during the election campaign," none of which painted the authorities in a positive light. Repeating a claim made by Kocharian's staff last December, Sargsian alleged that the head of RL's Armenia Service in Prague is "from the LTP team." The President acknowledged that the State Department does not have a direct role in RL programming, but added that "if Radio Liberty is the US idea of free media, then we have a different view." Adams countered that the best way to combat negative media is to allow more media outlets to flourish. Sargsian responded that "there is probably no country where the print media is freer than in Armenia." "Anyone in Armenia can start up a newspaper within a matter of days," he said, "and can print anything he wants." The President acknowledged that newspapers had been shut down during the State of Emergency, but again defended this as a "necessary measure."

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WE NEED TO REGAIN TRUST  
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¶18. (C) After assuming a defensive posture throughout most of the meeting, Sargsian finally acknowledged that the Government "does not have the trust of the people." The problem, he

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said, is the people's perception of law enforcement. "When we try to make the tax system more fair, fight corruption, and enforce the law, people will be even more unhappy." Sargsian predicted that more Armenians would be dissatisfied in the coming months, as reforms proceed in these areas. "That is not something we like, of course, but we need to solve problems." After foreshadowing positive changes, however, Sargsian returned to bashing the opposition: "Even if LTP had only won 35,000 votes instead of 350,000, we would still have this problem. This was their intention from the beginning."

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NEW AMBASSADOR, NDI  
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¶19. (C) Adams stressed the need for a new US ambassador in Yerevan. The President said he fully agreed, and claimed he had made his views clear in meetings with Armenian diaspora organizations during his visit to the US last October. He promised to repeat this message as opportunities arise.

¶10. (C) Finally, Adams urged the President to ensure that the National Democratic Institute office in Yerevan, which has operated in a legal gray area for the past two years, is

allowed to register officially with the Armenian authorities.

Despite repeated promises by GOAM officials on this issue, Sargsian made no commitment this time. "They have to work in a normal way," he said, without further elaboration.

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COMMENT  
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¶11. (C) As a barometer of the President's commitment to serious democratic reform, this meeting was a disappointment.

Although Sargsian seems genuinely energized to make an effort to clean up corruption at the tax and customs services -- something that appears to be moving along well -- he is decidedly defensive when it comes to democracy and freedom. Even a small, symbolic gesture such as NDI registration seems beyond his reach. On the larger issues such as political detainees and restoring democratic freedoms, Sargsian is downright defiant. The President remains focused on punishing his enemies and pinning responsibility for all Armenia's ills on the opposition. Our message to Sargsian was that there is still time to turn things around, and that we want to help him do that. So far, the President does not seem to share our sense of urgency.

¶12. (U) EUR/ACE U.S. Assistance Coordinator Tom Adams cleared on this cable.

PENNINGTON